

Message Text

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PAGE 01 STATE 130635
ORIGIN OPIC-06

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GC:LWEISENFELD
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L/EB:J BAILLY
L/T:L BAUMANN
H:TWESTON

-----089804 231724Z /64

R 231618Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY PARAMARIBO

UNCLAS STATE 130635

FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT:OPIC INVESTMENT INCENTIVE AGREEMENT AND OPIC
PROGRAMS FOR MIDDLE INCOME COUNTRIES

REF : (A) PARAMARIBO 4305; (B) STATE A-1863

1. EMB HAS FULL CIRCULAR 175 AUTHORITY UNDER REPAIR (B) TO
NEGOTIATE AND CONCLUDE AN OPIC AGREEMENT WITH GOS PURSUANT
TO TEXT TRANSMITTED IN STATE A-1863 OF APRIL 15, 1977.
THIS AGREEMENT, WHEN CONCLUDED, WOULD PERMIT USG TO ISSUE
ALL OPIC COVERAGES FOR ELIGIBLE INVESTMENT PROJECTS IN
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SURINAM.

2. SINCE THE INITIAL INSTRUCTION REPAIR (B), THE OPIC
POLICY GUIDELINES ADOPTED JANUARY 31, 1978 FOR COUNTRY
ELIGIBILITY FOR OPIC PROGRAMS AND ALSO THE OPIC AMENDMENTS
ACT OF 1978 ENACTED APRIL 24, 1978 HAS RESTRICTED THE
CORPORATION'S ACTIVITIES IN SO-CALLED "QUOTE UPPER INCOME

DEVELOPING COUNTRIES UNQUOTE" COUNTRIES OR AREAS WHERE THE PER CAPITA GNP IS MORE THAN 1,000 IN 1975 DOLLARS. SINCE SURINAM HAS REACHED A PER CAP GNP OF 1,370 IN 1975 DOLLARS, OPIC'S ACTIVITIES IN SURINAM WOULD BE LIMITED ACCORDINGLY.

3. THE TYPES OF PROJECTS WHICH ARE ELIGIBLE FOR OPIC ASSISTANCE IN UPPER INCOME LDG'S SUCH AS SURINAM WILL INCLUDE (A) PROJECTS FOR THE EXPLORATION AND/OR DEVELOPMENT OF ENERGY RESOURCES (EXCLUDING OPEC COUNTRIES); (B) PROJECTS FOR THE EXPLORATION, MINING AND/OR PROCESSING OF MINERAL RESOURCES; (C) PROJECTS SPONSORED BY U.S. SMALL BUSINESSES OR COOPERATIVES; (D) PROJECTS TO REINSURE PRIVATE UNDERWRITERS OF POLITICAL RISK INSURANCE WHEN THE INVESTMENTS TO BE REINSURED ARE CONSISTENT WITH OPIC PURPOSES AND APPLICABLE POLICY GUIDELINES; AND (E) OTHER PROJECTS ON A CASE-BY-CASE BASIS INCLUDING THOSE OF EXTRAORDINARILY SIGNIFICANT DEVELOPMENTAL BENEFIT.

4. IN ADDITION, OPIC WILL CONTINUE TO ISSUE CONSTRUCTION CONTRACTOR INSURANCE UNTIL SUCH INSURANCE IS MADE AVAILABLE THROUGH THE EXPORT-IMPORT BANK. SHIFT OF THE CONSTRUCTION CONTRACTOR INSURANCE PROGRAM FROM OPIC TO THE BANK IS TENTATIVELY SCHEDULED FOR JULY, 1978.

5. EVEN THOUGH THE POLICY CHANGES DESCRIBED IN PARAGRAPH 3, ABOVE, DO NOT MODIFY THE OPIC AGREEMENT TEXT IN STATE UNCLASSIFIED

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A-1863 OF 1977, THE EMB IN PURSUING ITS NEGOTIATIONS FOR THE SUBJECT AGREEMENT SHOULD EXPLAIN TO THE SURINAM AUTHORITIES THE RESTRICTIONS THAT HAVE BEEN PLACED ON OPIC'S PROGRAM IN SURINAM AND OTHER UPPER INCOME LDC'S BY ADMINISTRATION POLICY AND CONGRESSIONAL STATUTE SUBSEQUENT TO THE INITIATION OF NEGOTIATIONS PURSUANT TO STATE A-1863 OF 1977.

6. COPIES OF CURRENT BACKGROUND INFO BEING POUCHED INCLUDING "1977 OPIC ANNUAL REPORT"; POLICY GUIDELINES RE COUNTRY ELIGIBILITY FOR OPIC PROGRAMS; AND BROCHURES ON

OPIC PROGRAMS.

7. EMB IS REFERRED TO STATE A-1698 CIRCULAR AIRGRAM OF MAY 2, 1978 WHICH GIVES A DETAILED RESUME OF NEW OPIC LEGISLATION. EMB ATTENTION INVITED TO THE BROAD DEFINITION OF SMALL BUSINESSES DEFINED AS CORPORATIONS SMALLER THAN THE FORTUNE 1000 OR EQUIVALENT SIZED NON-INDUSTRIAL ENTERPRISES.

8. EMBASSY IS REMINDED THAT ANY PROPOSED CHANGES IN

LANGUAGE MUST BE PRE-CLEARED WITH THE DEPARTM'NT AND OPIC
PRIOR TO CONCLUSION. VANCE

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